

**ENCLOSURE 5**

**Current STD Insurance Policy Certificate**



H44796

01/01/2007

**GROUP BOOKLET-CERTIFICATE FOR MEMBERS OF**

**CITY OF CONCORD, A DIVISION OF  
PRIMEX**

**ALL MEMBERS**

**Group Short Term Disability Insurance**

**Print Date: 06/19/2007**

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Your insurance has been designed to provide financial help for you when a covered loss occurs. This plan has chosen benefits provided by a Group Policy issued by Us, Principal Life Insurance Company. To the extent that benefits are provided by the Group Policy, the administration and payment of claims will be done by Us as an insurer.

Members rights and benefits are determined by the provisions of the Group Policy. This booklet briefly describes those rights and benefits. It outlines what you must do to be insured. It explains how to file claims. It is your certificate while you are insured.

The effective date of your insurance is as shown on your enrollment card.

THIS BOOKLET REPLACES ANY PRIOR BOOKLET THAT YOU MAY HAVE RECEIVED. If you have any questions about this new booklet, please contact your employer. In the event of future plan changes, you will be provided with a new booklet-certificate or a booklet-certificate rider.

If you have an electronic booklet, paper copies of this booklet-certificate are also available. Please contact your Policyholder if you would like to request a paper copy.

PLEASE READ YOUR BOOKLET CAREFULLY. We suggest that you start with a review of the terms listed in the DEFINITIONS Section (at the back of the booklet). The meanings of these terms will help you understand the insurance.

The group insurance policy and your coverage under the Group Policy may be discontinued or altered by the Policyholder or Us at any time without your consent.

We reserve complete discretion to construe or interpret the provisions of this group insurance, to determine eligibility for benefits, and to determine the type and extent of benefits, if any, to be provided. Our decisions in such matters will be controlling, binding, and final as between Us and persons covered by this group insurance, subject to the Claim Procedures shown on page GH 866 of this booklet.

The insurance provided in this booklet is subject to the laws of the state of NEW HAMPSHIRE.

PRINCIPAL LIFE  
INSURANCE COMPANY  
Des Moines, IA 50392-0001

## **TABLE OF CONTENTS**

<b>SHORT TERM DISABILITY INSURANCE SUMMARY</b>	GH 852
<b>HOW TO BE INSURED</b>	
Eligibility and Individual Incontestability	GH 854
Effective Dates	GH 855
Termination, Continuation, and Reinstatement	GH 856
<b>DESCRIPTION OF BENEFITS</b>	
Benefit Qualification	GH 857
Benefits Payable	GH 858
Rehabilitation Services and Benefits	GH 859
Survivor Benefit	GH 861
Weekly Payment Limit	GH 862
Benefit Payment Period and Recurring Disability	GH 863
Limitations	GH 864
<b>CLAIM PROCEDURES</b>	GH 866
<b>DEFINITIONS</b>	GH 867

**SHORT TERM DISABILITY INSURANCE SUMMARY**  
(Nonoccupational)

Minimum Hours Requirement	Employees must be working at least 37.5* hours a week  *or at least 17.5 hours a week for permanent part-time employees
Who Pays for Coverage	You are not required to pay a part of the premium for insurance under the Group Policy.
Elimination Period	A Benefit Payment Period will begin on the:  15 <sup>th</sup> calendar day for Disability Due to Injury  15 <sup>th</sup> calendar day for Disability Due to Sickness.
Primary Benefit	66 2/3 % of Predisability Earnings*  *See Definition of Predisability Earnings on pages GH 858 Description of Benefits, and GH 867 Definitions..
Maximum Weekly Benefit	\$1,200
Minimum Weekly Benefit	\$25
Maximum Benefit Payment Period	13 weeks
Rehabilitation Services and Benefits	
Rehabilitation Services	Included
Predisability Intervention Services	Included
Other Coverage Features	
Proportionate Benefit if Working	Included
Survivor Benefit	3 times Primary Benefit
<b>NOTE:</b>	
Benefits may be reduced by other sources of income and disability earnings.	
Some disabilities may not be covered or may be limited under this insurance.	

This summary provides only highlights of the Group Policy. The entire Group Policy determines all rights, benefits, exclusions and limitations of the insurance described above.

**HOW TO BE INSURED  
SHORT TERM DISABILITY INSURANCE**

**Eligibility and Individual Incontestability**

**Eligibility**

You will be eligible for insurance on:

- a. January 1, 2007, if you are a Member on that date; or
- b. the first of the Insurance Month coinciding with or next following the date you complete 30 consecutive days of employment with the Policyholder as a Member.

**Member**

Any PERSON, residing in the United States, who is a U.S. citizen or is legally working in the United States, who is a full-time employee of the Policyholder and covered in the Beneflex full coverage plan who regularly works at least 37.5 hours a week\*. Work must be at the Policyholder's usual place or places of business, at an alternative worksite at the direction of the Policyholder, or at another place to which the employee must travel to perform his or her regular duties. This excludes any person who is scheduled to work for the Policyholder on a seasonal, temporary, contracted, or part-time basis. A person is considered to be residing in the United States if his or her main home or permanent address is in the United States or if the person is in the United States for six months or more during any 12-month period.

\*or at least 17.5 hours a week for permanent part-time employees.

**Individual Incontestability**

All statements made by any person insured will be representations and not warranties. In the absence of fraud, these statements may not be used to contest the insured person's coverage unless:

- a. the insurance has been in force for less than two years during the insured person's lifetime; and
- b. the statement is in Written form Signed by the insured person; and
- c. a copy of the form which contains the statement is given to the insured person or the insured person's beneficiary at the time insurance is contested.

However, the above will not preclude the assertion at any time of defenses based upon the person's not being eligible for insurance under the Group Policy or upon other provisions of the Group Policy.

In addition, if a person's age is misstated, We may, at any time, adjust premiums and benefits to reflect the correct age.

We may, at any time, terminate a Member's eligibility under the Group Policy, in Writing and with 31-day notice:

- a. if the individual submits any claim that contains false or fraudulent elements under state or federal law;
- b. upon finding in a civil or criminal case that a Member has submitted claims that contain false or fraudulent elements under state or federal law;
- c. when a Member has submitted a claim which, in good faith judgement and investigation, a Member knew or should have known, contains false or fraudulent elements under state or federal law.

## **HOW TO BE INSURED SHORT TERM DISABILITY INSURANCE**

### **Effective Dates**

#### **Actively at Work**

Your effective date for Short Term Disability Insurance will be as explained in this booklet, if you are Actively at Work on that date. If you are not Actively at Work on the date insurance would otherwise be effective, such insurance will not be in force until the day of return to Active Work.

#### **Effective Date for Noncontributory Insurance**

Unless Proof of Good Health is required, insurance for which you contribute no part of premium will be in force on the date you are eligible.

#### **Effective Date for Contributory Insurance**

If you are to contribute a part of premium, insurance must be requested in a form provided by Us. Unless Proof of Good Health is required, the requested insurance will be in force on:

- a. the date you are eligible, if the request is made on or before that date; or
- b. the first of the Insurance Month coinciding with or next following the date of your request, if the request is made within 31 days after the date you are eligible.

If the request is made more than 31 days after the date you are eligible, Proof of Good Health will be required before insurance can be in force.

#### **Effective Date When Proof of Good Health is Required**

Insurance for which Proof of Good Health is required will be in force on the later of:

- a. the date insurance would have been effective if Proof of Good Health had not been required; or
- b. the first of the Insurance Month coinciding with or next following the date Proof of Good Health is approved by Us.

#### **Proof of Good Health Requirements**

The type and form of required Proof of Good Health will be determined by Us. You must submit Proof of Good Health:

- a. If insurance for which you contribute a part of premium is requested more than 31 days after the date you are eligible.
- b. If you have failed to provide required Proof of Good Health or have been refused insurance under the Group Policy at any prior time.
- c. If you elect to terminate insurance and, more than 31 days later, request to be insured again.
- d. If, on the date you become eligible, fewer than ten Members are insured.
- e. If, on the date you become eligible for any increase or additional Benefit Payable amount, fewer than ten Members are insured.



**Effective Date for Benefit Changes Due to a Change in Weekly Earnings**

Unless Proof of Good Health is required (see above), a change in Benefit Payable amount because of a change in your Weekly Earnings will normally be effective on the first of the Insurance Month coinciding with or next following the date of change. However, if you are not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date you return to Active Work.

**Effective Date for Benefit Changes Due to a Change in Insurance Class**

Unless Proof of Good Health is required (see above), a change in Benefit Payable amount because of a change in your insurance class will normally be effective on the first of the Insurance Month coinciding with or next following the date of change. However, if you are not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date you return to Active Work.

**Effective Date for Benefit Changes - Change by Policy Amendment or Endorsement**

Unless Proof of Good Health is required (see above), a change in the amount of your Benefit Payable because of a change in the Benefit Payable by amendment or endorsement to the Group Policy will be effective on the date of change. However, if you are not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date you return to Active Work.

**HOW TO BE INSURED  
SHORT TERM DISABILITY INSURANCE**

**Termination, Continuation, and Reinstatement**

**Termination of Insurance**

Your insurance will terminate on the earliest of:

- a. the date the Group Policy is terminated; or
- b. the end of the Insurance Month for which the last premium is paid for your insurance; or
- c. for contributory insurance, the end of any Insurance Month if requested by you before that date; or
- d. the end of the Insurance Month in which you cease to be a Member as defined; or
- e. the end of the Insurance Month in which you cease to be in a class for which Member Insurance is provided; or
- f. the end of the Insurance Month in which you cease Active Work except as provided below.

Termination of insurance for any reason described above will not affect your rights to benefits, if any, for a Disability that begins while your insurance is in force under the Group Policy. You are considered to be continuously Disabled if you are Disabled from one condition and, while still Disabled from that condition, incur another condition that causes Disability.

**Continuation**

You may qualify to have your insurance continued under one or more of the continuation provisions below. If you qualify for continuation under more than one provision, the longest period of continuation will be applied, and all periods of continuation will run concurrently.

**Continuation and Reinstatement - Sickness, Injury, or Pregnancy**

If you cease Active Work due to sickness, injury, or pregnancy, your insurance can be continued subject to payment of premium, until the earliest of:

- a. the date insurance would otherwise terminate as provided in items a. through e. above; or
- b. the end of the Insurance Month in which you recover; or
- c. the date 106 days after Active Work ends.

If a Benefit Payment Period is established, your insurance will be reinstated if you return to Active Work for the Policyholder within six months of the date the Benefit Payment Period ends. Your reinstated insurance will be in force on the date of return to Active Work.

If you do not qualify to have a Benefit Payment Period begin, insurance will be reinstated if you return to Active Work for the Policyholder within six months of the date insurance ceased. Your reinstated insurance will be in force on the date of return to Active Work.

Proof of Good Health will be required to place in force any Benefit Payable that would have been subject to Proof of Good Health had you remained continuously insured.

**Continuation and Reinstatement - Layoff or Leave of Absence**

If you cease Active Work due to layoff or leave of absence, your insurance can be continued, subject to premium payment, until the earlier of:

- a. the date insurance would otherwise terminate as provided in items a. through e. above; or
- b. the end of the Insurance Month in which Active Work ends.

Your insurance will be reinstated if you return to Active Work for the Policyholder within six months of the date insurance ceased. Your reinstated insurance will be in force on the date of return to Active Work.

A longer reinstatement period may be allowed for an approved leave of absence taken in accordance with the provisions of the federal law regarding Uniform Services Employment and Reemployment Rights Act of 1994 (USERRA).

Proof of Good Health will be required to place in force any Benefit Payable that would have been subject to Proof of Good Health had you remained continuously insured.

#### **Continuation and Reinstatement - Family and Medical Leave Act (FMLA)**

If you cease Active Work due to an approved leave of absence under FMLA, the Policyholder may choose to continue your insurance, subject to premium payment, until the date 12 weeks after the end of the Insurance Month in which Active Work ends.

Your terminated insurance may be reinstated in accordance with the provisions of FMLA.

## DESCRIPTION OF BENEFITS

### Benefit Qualification

You will qualify for Disability benefit, if all of the following apply:

- a. You are Disabled under the terms of the Group Policy.
- b. Your Disability begins while you are insured under the Group Policy.
- c. Your Disability is not subject to any of the Limitations listed in this booklet.
- d. An Elimination Period is completed.
- e. A Benefit Payment Period is established.
- f. You are under the Regular and Appropriate Care of a Physician.
- g. The claim requirements listed in the CLAIM PROCEDURES Section are satisfied.

An Elimination Period will start on the date you become Disabled. The Elimination Period will be completed and a Benefit Payment Period established on the:

- a. 15<sup>th</sup> calendar day if the Disability is Due to Injury; or
- b. 15<sup>th</sup> calendar day if the Disability is Due to Sickness.

#### Disability; Disabled

You will be considered Disabled if, solely and directly because of sickness, injury, or pregnancy, one of the following applies:

- a. You cannot perform the majority of the Substantial and Material Duties of your Own Occupation.
- b. You are performing the duties of your Own Occupation on a Modified Basis or any occupation and are unable to earn more than 80% of your Predisability Earnings.

The loss of a professional or occupational license or certification does not, in itself, constitute a Disability.

#### Benefit Payment Period

The period of time during which benefits are payable.

#### Elimination Period

The period of time you must be Disabled before benefits begin to accrue. An Elimination Period starts on the date you are Disabled and must be satisfied for each period of Disability.

#### Modified Basis

You will be considered working on a Modified Basis if you are working on either a part-time basis or performing some but not all of the Substantial and Material Duties of the occupation on a full-time basis.

#### Own Occupation

The occupation you are routinely performing for the Policyholder when your Disability begins.

**Substantial and Material Duties**

The essential tasks generally required by employers from those engaged in a particular occupation that cannot be modified or omitted.

## DESCRIPTION OF BENEFITS

### Benefits Payable

#### If you are not working during a period of Disability

Your Benefit Payable for each full week of a Benefit Payment Period will be your Primary Benefit less Other Income Sources.

#### If you are working during a period of Disability

Your work incentive Benefit Payable for each full week of a Benefit Payment Period will be the lesser of:

- a. Your Primary Benefit less Other Income Sources, multiplied by your Income Loss Percentage; or
- b. 100% of Predisability Earnings less Other Income Sources, less Current Earnings from your Own Occupation or any occupation.

#### Primary Benefit

66 2/3 % of your Predisability Earnings. The Primary Benefit will not exceed the Maximum Weekly Benefit of \$1,200.

#### Predisability Earnings

Your Weekly Earnings in effect prior to the date Disability begins.

#### Income Loss Percentage

Your Income Loss is equal to:

- a. your Predisability Earnings less any Current Earnings from your Own Occupation or any occupation; divided by
- b. your Predisability Earnings.

#### Current Earnings

Your Weekly Earnings for each week you are Disabled. While Disabled, your Weekly Earnings may result from working for the Policyholder or any other employer.

#### Weekly Earnings

For Members with no ownership interest in the business entity of the Policyholder:

On any date, your basic weekly (or weekly equivalent) wage then in force, as established by the Policyholder. Basic wage does not include commissions, bonuses, tips, differential pay, housing and/or car allowance, or overtime pay. Basic wage does include any deferred earnings under a qualified deferred compensation plan, such as contributions to Internal Revenue Code Section 401(k), 403(b), or 457 deferred compensation arrangements, and any amount of voluntary earnings reduction under a qualified Section 125 Cafeteria Plan.

For Members with ownership interest in the business entity of the Policyholder, such as an owner of a sole proprietorship, a partner in a partnership, a shareholder of a corporation or subchapter S-corporation, or a member of a limited liability company or limited liability partnership, Weekly Earnings on any date are based on an average of the following earnings as reported for Federal Income Tax purposes for the last two calendar year(s), assuming the owner meets all eligibility requirements:

- a. Your share (based on ownership or contractual agreement) of the gross revenue or income earned by the Policyholder, including income earned by you and others under your supervision or direction; less
- b. Your share (based on ownership or contractual agreement) of the usual and customary unreimbursed business expenses of the Policyholder which are incurred on a regular basis, are essential to the established business operation of the Policyholder, are deductible for Federal Income Tax purposes, and do not exceed the expenses before Disability began; plus
- c. The salary, benefits, and other forms of compensation which are payable to you, and any contributions to a pension or profit sharing plan made on your behalf by the Policyholder.

Weekly Earnings do not include any form of unearned income such as dividends, rent, interest, capital gains, income received from any form of deferred compensation, retirement, pension plan, income from royalties, or disability benefits.

#### Other Income Sources

The weekly equivalent of:

- a. all disability payments for the month that you and your Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
  - b. all payments for the month that you receive from a permanent or temporary award or settlement under a Worker's Compensation Act, or other similar law, whether or not liability is admitted. Payments that are specifically set out in an award or settlement as medical benefits, rehabilitation benefits, income benefits for fatal injuries or income benefits for scheduled injuries involving loss or loss of use of specific body members will not be considered an Other Income Source; and
  - c. all payments for the month that you receive (or would have received if complete and timely application had been made) under a policy that provides benefits for loss of time from work, if the Policyholder pays a part of the cost or makes payroll deductions for that coverage; and
  - d. all payments for the month that you receive or are eligible to receive under another group disability insurance policy; and
  - e. all payments for the month that you receive under any state disability plan; and
  - f. all salary continuance payments, personal time off (other than vacation pay), or severance pay, for, for the month that you receive from the Policyholder; and
  - g. all retirement payments attributable to employer contributions and all disability payments attributable to employer contributions for the month that you receive under a pension plan sponsored by the Policyholder. A pension plan is a defined benefit plan or defined contribution plan providing disability or retirement benefits for employees. A pension plan does not include a profit sharing plan, a thrift savings plan, a nonqualified deferred compensation plan, a plan under Internal Revenue Code Section 401(k) or 457, an Individual Retirement Account (IRA), a Tax Deferred Sheltered Annuity (TSA) under Internal Revenue Code Section 403(b), a stock ownership plan, or a Keogh (HR-10) plan with respect to partners; and
- \*see below in NOTE
- h. all payments for the month that you receive for loss of income under no-fault auto laws. Supplemental disability benefits purchased under a no-fault law will not be counted; and
  - i. all renewal commissions for the month that you receive from the Policyholder

**NOTE:**

If any sick pay, salary continuance payments, personal time off, severance pay, or loss of time from work payments specified above are attributable to individual disability insurance policies, the payments will not be considered an Other Income Source.

\*Any retirement payments you receive under the Federal Social Security Act or a pension plan which you had been receiving in addition to your Weekly Earnings prior to a claim for Disability, will not be considered an Other Income Source.

Military or Veterans Administration disability or retirement payments will not be considered an Other Income Source.

After the initial deduction for each of the Other Income Sources, benefits will not be further reduced due to any cost of living increases payable under the above stated sources.

Withdrawal of pension plan benefits by you for the purpose of placing the benefits in a subsequent pension plan or a deferred compensation plan will not be considered an Other Income Source unless you withdraw pension benefits from the subsequent pension plan or defined compensation plan due to disability or retirement.

If any income specified above is payable in a monthly payment, the weekly equivalent will be calculated by multiplying the monthly benefit by 12 and dividing by 52.

**Minimum Weekly Benefit**

In no event will the weekly Benefit Payable be less than \$25 for each full week of a Benefit Payment Period, except that We will have the right to reduce the Minimum Weekly Benefit by any prior benefit overpayment. The Benefit Payable for each day of any part of a Benefit Payment Period that is less than a full week will be the weekly benefit divided by five.



## **DESCRIPTION OF BENEFITS**

### **Rehabilitation Services and Benefits**

#### **Rehabilitation Services and Benefits**

While you are Disabled and covered under the Group Policy, you may qualify to participate in a rehabilitation plan and receive Rehabilitation Services and Benefits. We will work with you, the employer, and your Physician(s), and others as appropriate, to develop an individualized rehabilitation plan intended to assist you in returning to work.

#### **Rehabilitation Services**

While you are Disabled under the terms of the Group Policy, you may qualify for Rehabilitation Services. If you, the Policyholder and The Principal agree in Writing on a rehabilitation plan in advance, We may pay a portion of reasonable expenses. The goal of the plan will be to return you to work.

Any rehabilitation assistance must be approved in advance by The Principal and outlined in a rehabilitation plan. The Benefit Payable as described in the booklet (subject to the terms and conditions of the Group Policy) will continue, unless modified by the rehabilitation plan. Rehabilitation assistance may include, but is not limited to:

- a. coordination of medical services;
- b. vocational and employment assessment;
- c. purchasing adaptive equipment;
- d. business/financial planning;
- e. retraining for a new occupation;
- f. education expenses.

We will periodically review the rehabilitation plan and your progress and We will continue to pay for the agreed upon expenses as long as We determine that the rehabilitation plan is providing the necessary action to return you to work.

#### **Predisability Intervention Services**

Rehabilitation Services may be offered if you have not yet become Disabled under the terms of the Group Policy, provided you have a condition which has the potential of resulting in the inability to perform the Substantial and Material Duties of your Own Occupation.

## **DESCRIPTION OF BENEFITS**

### **Survivor Benefit**

If your Benefit Payment Period ends because of your death, a Survivor Benefit will be payable. This Survivor Benefit will be three times your Primary Benefit.

We will pay the Survivor Benefit to your spouse, child, parent, or estate as described in the CLAIM PROCEDURES Section.

## DESCRIPTION OF BENEFITS

### Weekly Payment Limit

In no event will the sum of the amounts payable for:

- a. Benefits Payable as described in this booklet; and
- b. income from Other Income Sources; and
- c. Current Earnings from your Own Occupation or any occupation; and
- d. payments attributable to individual disability insurance policies;

exceed 100% of Predisability Earnings. In the event your total income from all sources listed above exceeds 100% of Predisability Earnings, the benefits as described in this booklet will be reduced by the amount in excess of 100% of Predisability Earnings.

## **DESCRIPTION OF BENEFITS**

### **Benefit Payment Period and Recurring Disability**

#### **Benefit Payment Period**

Benefits are payable until the date 13 weeks after the date the Benefit Payment Period begins.

However, in no event, will benefits continue beyond:

- a. the date of your death; or
- b. the date your Disability ends, unless a Recurring Disability exists as explained in this booklet; or
- c. the date you fail to provide any required proof of Disability; or
- d. the date you fail to submit to any required medical examination or evaluation; or
- e. the date you fail to report any required Current Earnings information; or
- f. the date you fail to report income from Other Income Sources; or
- g. the date ten days after receipt of notice from Us if you fail to pursue Social Security Benefits as described in this booklet; or
- h. the date you cease to be under the Regular and Appropriate Care of a Physician.

#### **Recurring Disability**

A Recurring Disability will exist under the Group Policy if:

- a. after you have completed an Elimination Period and during a Benefit Payment Period, you cease to be Disabled; and
- b. you then return to Active Work; and
- c. while insured under the Group Policy, but before completing 14 continuous days of Active Work, you are again Disabled; and
- d. your current Disability and the Disability for which you completed the Elimination Period result from the same or a related cause.

A Recurring Disability will be treated as if the initial Disability had not ended, except that no benefits will be payable for the time between Disabilities. You will not be required to complete a new Elimination Period for a Recurring Disability and a new Benefit Payment Period will not be established. Benefits will be payable from the first day of each Recurring Disability, but only for the remainder, if any, of the Benefit Payment Period established for the initial Disability.

## DESCRIPTION OF BENEFITS

### Limitations

No benefits will be paid for any Disability that:

- a. results from willful self-injury, while sane or insane; or
- b. results from war or act of war; or
- c. results from participation in an assault or felony; or
- d. is a new Disability that begins after a prior Benefit Payment Period has ended and you have not returned to Active Work; or
- e. is a continuation of a Disability for which a Benefit Payment Period has ended and you have not returned to Active Work (except as provided for a Recurring Disability in this booklet); or
- f. results from a sickness or injury arising out of or in the course of employment for wage or profit.

## **CLAIM PROCEDURES**

### **Notice of Claim**

Written notice of claim must be given to Us within 20 days after the date of loss for which claim is being made. Failure to give notice within the time specified will not invalidate or reduce any claim if notice is given as soon as reasonably possible.

### **Claim Forms**

Claim forms and other information needed to provide proof of Disability must be filed with Us in order to obtain payment of benefits. The Policyholder will provide appropriate claim forms to assist you in filing claims. If the forms are not provided within 15 days after We receive notice of claim, you will be considered to have complied with the requirements of the Group Policy regarding proof of Disability upon submitting, within the time specified below for filing proof of Disability, Written proof covering the occurrence, character and extent of the loss.

### **Proof of Disability**

Claim forms and other information needed to prove Disability should be filed promptly. Written proof that Disability exists and has been continuous must be sent to Us within 90 days after the date you complete an Elimination Period. Proof required includes the date, nature, and extent of the loss. Further proof that Disability has not ended must be sent when requested by Us. We may request additional information to substantiate your loss or require a Signed unaltered authorization to obtain that information from the provider. We reserve the right to determine when these conditions are met. Your failure to comply with such request could result in declination of the claim. For purposes of satisfying the claims processing requirements of the Employee Retirement Income Security Act (ERISA), receipt of claim will be considered to be met when the Elimination Period has been completed and the appropriate claim form is received by Us.

### **Proof of Disability while outside the United States**

If during a period of Disability, you are residing or staying outside the United States, the following will apply:

- a. Any evidence you submit for your claim will be required to be translated by the U.S. Embassy and contain the U.S. Embassy seal.
- b. You may be required to return to the United States at a frequency We deem necessary to substantiate your claim for Disability. All expenses incurred by you for returning to the United States will be your responsibility.
- c. You must notify Us in advance of any return to the United States and your change of address.

Your failure to comply with such request could result in declination of the claim. For purposes of satisfying the claims processing requirements of the Employee Retirement Income Security Act (ERISA), receipt of claim will be considered to be met when the Elimination Period has been completed and the appropriate claim form is received by Us.

### **Payment, Denial, and Review**

ERISA permits up to 45 days from receipt of claim for processing the claim. If a claim cannot be processed due to incomplete information, We will send a Written explanation prior to the expiration of the 45 days. A claimant is then allowed up to 45 days to provide all additional information requested. We are permitted two 30-day extensions for processing an incomplete claim. Written notification will be sent to a claimant regarding the extension.

In actual practice, benefits under the Group Policy will be payable sooner, provided We receive complete and proper proof of Disability. Further, if a claim is not payable or cannot be processed, We will submit a detailed explanation of the basis for its denial.

A claimant may request an appeal of a claim denial by Written request to Us within 180 days of the receipt of notice of the denial. We will make a full and fair review of the claim. We may require additional information to make the review. We will notify a claimant in Writing of the appeal decision within 45 days after receipt of the appeal request. If the appeal cannot be processed within the 45 day period because We did not receive the requested additional information, We are permitted a 45-day extension for the review. Written notification will be sent to a claimant regarding the extension. After exhaustion of the formal appeal process, the claimant may request an additional appeal. However, this appeal is voluntary and does not need to be filed before asserting rights to legal action.

For purposes of this section, "claimant" means Member.

#### **Report of Payments from Other Income Sources**

When asked, you must give Us:

- a. a report of all payments from Other Income Sources; and
- b. proof of application for all such income for which you and your Dependents are eligible; and
- c. proof that any application for such income has been rejected.

#### **Lump Sum Payments from Other Income Sources**

If any income from Other Income Sources are payable in a lump sum (except as described below), the lump sum will be deemed to be paid in weekly amounts prorated over the time stated. If no such time is stated, the lump sum will be prorated weekly over your expected life span. We will determine the expected life span.

Lump Sum Payments under:

- a. a retirement plan will be deemed to be paid in the weekly amount which:
  - (1) is provided by the standard annuity option under the plan as identified by the Policyholder; or
  - (2) is prorated under a standard annuity table over your expected life span (if the plan does not have a standard annuity option);
- b. a Workers' Compensation Act or other similar law (which includes benefits paid under an award or settlement) will be deemed to be paid weekly:
  - (1) at the rate stated in the award or settlement; or
  - (2) at the rate paid to the lump sum (if no rate is stated in the award or settlement); or
  - (3) at the maximum rate set by the law (if no rate is stated and you did not receive a periodic award).

#### **Social Security Estimates**

Until exact amounts are known, We may estimate the Social Security benefits for which you and your Dependents are eligible and may include those estimates in your Other Income Sources.

If it is reasonable that you would be entitled to disability benefits under the Federal Social Security Act, We will require that you:

- a. apply for disability benefits within ten days after receipt of Written notice from Us requesting you to apply for such benefits; and
- b. give satisfactory proof within 30 days after receipt of Written notice from Us that you have applied for these benefits within the ten-day period; and
- c. request reconsideration of the application for Social Security benefits if the original application is denied, and appeal any denial or reconsideration if an appeal appears reasonable.

## **Workers' Compensation Estimates**

Until exact amounts are known, We may estimate the Workers' Compensation benefits for which you are eligible and may include those estimates in your Other Income Sources.

If it is reasonable that you would be entitled to benefits under a Workers' Compensation Act or a similar law, We will require that you:

- a. apply for benefits within ten days after receipt of Written notice from Us requesting you to apply for such benefits; and
- b. give satisfactory proof within 30 days after receipt of Written notice from Us that you have applied for these benefits within the ten-day period.

## **Payments for Less Than a Full Week**

The Benefit Payable for each day of any part of a Benefit Payment Period that is less than a full week will be the weekly benefit divided by five.

## **Right to Recover Overpayments**

If an overpayment of benefits occurs under the Group Policy, We will have the option to:

- a. reduce or withhold any future benefits We determine to be due, including the Minimum Weekly Benefit; or
- b. recover the overpayment directly from you; or
- c. take any other legal action.

## **Facility of Payment**

Benefits under the Group Policy will be payable at the end of each week of a Benefit Payment Period, provided complete and proper proof of Disability has been received by Us. We will have the option to issue Benefits Payable in a lump sum amount.

Any unpaid balance that remains after a Benefit Payment Period ceases will be immediately payable.

We will normally pay benefits directly to you. However, in the special instances listed below, payment will be as indicated. All payments so made will discharge Us to the full extent of those payments.

- a. If payment amounts remain due upon your death, those amounts may, at Our option, be paid to your spouse, child, parent or estate.
- b. If We believe a person is not legally able to give a valid receipt for a benefit payment, and no guardian has been appointed, We may pay any relative by blood or connection by marriage of the person, who is deemed by Us to be entitled to the benefit payment. Any payment due a minor will be at the rate of not more than \$50 a week.

## **Medical Examinations and Evaluations**

We may require you to be examined by a Physician or undergo an evaluation, at reasonable intervals, during the course of a claim. We will pay for those examinations and evaluations and will choose the Physician or evaluator to perform them. Failure to attend a medical examination or cooperate with the Physician may be cause for suspension or denial of your benefits. Failure to attend an evaluation or to cooperate with the evaluator may also be cause for suspension or denial of your benefits. If you fail to attend an examination or evaluation, any charges incurred for not attending an appointment as scheduled may be your responsibility.

## **Legal Action**



Legal action to recover benefits under the Group Policy may not be started earlier than 90 days after proof of Disability is filed and before the appeal procedures have been exhausted. Further, no legal action may be started later than three years after that proof is required to be filed.

#### **Time Limits**

All time limits listed in this section will be adjusted as required by law.

#### **Grievance and Appeals Procedures**

##### **a. Applicability**

You or your representative may file a grievance or appeal with Us if you are dissatisfied with any action We may have taken.

You may authorize a representative to pursue the grievance or appeal of an adverse claim determination or other matter by submitting a Written statement to Us that acknowledges the representation.

You or your representative may at any time contact the commissioner's office of the New Hampshire Insurance Department at the following address and telephone number:

New Hampshire Insurance Department  
56 Old Suncook Road  
Concord, New Hampshire 03301-7317  
1-800-852-3416

##### **b. Procedures and Timings**

Within 180 days upon receipt of notification of an adverse claim determination or other matter you or your representative may file a Written grievance or appeal in Writing to Us at the address shown on the notice of the adverse claim determination or other matter.

The Written notice should include any issues or additional information you wish to provide to Us for consideration of your grievance or appeal. If you need assistance in preparing your appeal or grievance you can contact Us at 1-800-245-1522.

Within 45 days of receipt of a grievance or appeal, We will provide you or your representative Written notice of Our determination.

If We need additional information to complete Our determination, you or your representative will be notified as soon as possible. The 45 day period to respond to the appeal or grievance will be tolled from the date of Our notification to you or your representative until the information is received by Us. If you or your representative do not submit the information within 45 days of the notification, We can deny the appeal or grievance based on the lack of information. We may reopen the grievance or appeal if you or your representative submits the information within 180 days of the original adverse claim determination.

## DEFINITIONS

Several words and phrases used to describe your insurance are capitalized whenever they are used in this booklet. These words and phrases have special meanings as explained in this section.

### **Active Work; Actively at Work**

You are considered Actively at Work if you are able and available for active performance of all your regular duties. Short term absence because of a regularly scheduled day off, holiday, vacation day, jury duty, funeral leave, or personal time off is considered Active Work provided you are able and available for active performance of all of your regular duties and were working the day immediately prior to the date of his or her absence.

### **Benefit Payment Period**

The period of time during which benefits are payable.

### **Current Earnings**

Your Weekly Earnings for each week you are Disabled. While Disabled, your Weekly Earnings may result from working for the Policyholder or any other employer.

### **Dependent**

Any person who qualifies for benefits as a dependent under the Federal Social Security Act as a result of your Disability or retirement, whether or not residing in your home.

### **Disability; Disabled**

You will be considered Disabled if, solely and directly because of sickness, injury, or pregnancy, one of the following applies:

- a. You cannot perform the majority of the Substantial and Material Duties of your Own Occupation.
- b. You are performing the duties of your Own Occupation on a Modified Basis or any occupation and are unable to earn more than 80% of your Predisability Earnings.

The loss of a professional or occupational license or certification does not, in itself, constitute a Disability.

### **Disability Due to Injury**

A Disability that:

- a. occurs solely and directly because of an accidental injury; and
- b. begins while this Group Policy is in force.

An accidental injury means an injury that results solely from accidental means, independent of disease or bodily infirmity, or any other cause.

### **Disability Due to Sickness**

A Disability that:

- a. occurs directly or indirectly because of disease, a Mental Health Condition, alcohol, drug or chemical abuse,

dependency, or addiction; or

- b. is not a Disability Due to Injury as defined in this booklet.

### **Elimination Period**

The period of time you must be Disabled before benefits begin to accrue. An Elimination Period starts on the date you are Disabled and must be satisfied for each period of Disability.

### **Generally Accepted**

Treatment, service or medication that:

- a. has been accepted as the standard of practice according to the prevailing opinion among experts as shown by (or in) articles published in authoritative, peer-reviewed medical, and scientific literature; and
- b. is in general use in the medical community; and
- c. is not under continued scientific testing or research as a therapy for the particular sickness or injury which is the subject of the claim.

### **Group Policy**

The policy of group insurance issued to the Policyholder by Us which describes benefits and provisions for insured Members.

### **Hospital**

An institution that is:

- a. operated according to the laws pertaining to hospitals; and
- b. primarily and continuously engaged in providing inpatient care and treatment through medical, diagnostic, and major surgical facilities, either on its premises or in facilities available to the hospital on a prearranged basis, under the supervision of a staff of doctors and with a 24-hour nursing service by or under the supervision of a registered nurse; and
- c. licensed as a hospital by the proper authority of the state in which it is located or where the Member resides (if licensing is required by that state);

but not including any institution, or part thereof, that is used primarily as a clinic, convalescent home, rest home, home for the aged, nursing home, custodial care facility, or training center.

### **Income Loss Percentage**

Your Income Loss Percentage is equal to:

- a. your Predisability Earnings less any Current Earnings from your Own Occupation or any occupation; divided by
- b. your Predisability Earnings.

### **Insurance Month**

Calendar month.

### **Maximum Weekly Benefit**

\$1,200

### **Member**

Any PERSON, residing in the United States, who is a U.S. citizen or is legally working in the United States, who is a full-time employee of the Policyholder and covered in the Beneflex full coverage plan who regularly works at least 37.5 hours a week\*. Work must be at the Policyholder's usual place or places of business, at an alternative worksite at the direction of the Policyholder, or at another place to which the employee must travel to perform his or her regular duties. This excludes any person who is scheduled to work for the Policyholder on a seasonal, temporary, contracted, or part-time basis. A person is considered to be residing in the United States if his or her main home or permanent address is in the United States or if the person is in the United States for six months or more during any 12-month period.

\*or at least 17.5 hours a week for permanent part-time employees.

### **Mental Health Condition**

Any condition which is:

- a. manifested by a psychiatric disturbance including, but not limited to, a biologically or chemically based disorder; and
- b. categorized in the current edition of American Psychiatric Associations Diagnostic and Statistical Manual of Mental Disorders.

Conditions not considered a Mental Health Condition include:

- a. dementia; and
- b. organic brain syndrome; and
- c. delirium; and
- d. organic amnesia syndromes; and
- e. organic delusional or organic hallucinogenic syndromes.

### **Modified Basis**

You will be considered working on a Modified Basis if you are working on either a part-time basis or performing some but not all of the Substantial and Material Duties of the occupation on a full-time basis.

### **Other Income Sources**

The Weekly equivalent of:

- a. all disability payments for the month that you and your Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- b. all payments for the month that you receive from a permanent or temporary award or settlement under a Workers' Compensation Act, or other similar law, whether or not liability is admitted. Payments that are specifically set out in an award or settlement as medical benefits, rehabilitation benefits, income benefits for fatal injuries or income benefits for scheduled injuries involving loss or loss of use of specific body members will not be considered an Other Income Source; and
- c. all payments for the month that you receive (or would have received if complete and timely application had been made) under a policy that provides benefits for loss of time from work, if the Policyholder pays a part of the cost

or makes payroll deductions for that coverage; and

- d. all payments for the month that you receive or are eligible to receive under another group disability insurance policy; and
- e. all payments for the month that you receive under any state disability plan; and
- f. all salary continuance payments, , personal time off (other than vacation pay), or severance pay, for the month that you receive from the Policyholder; and
- g. all retirement payments attributable to employer contributions and all disability payments attributable to employer contributions for the month that you receive under a pension plan sponsored by the Policyholder. A pension plan is a defined benefit plan or defined contribution plan providing disability or retirement benefits for employees. A pension plan does not include a profit sharing plan, a thrift savings plan, a nonqualified deferred compensation plan, a plan under Internal Revenue Code Section 401(k) or 457, an Individual Retirement Account (IRA), a Tax Deferred Sheltered Annuity (TSA) under Internal Revenue Code Section 403(b), a stock ownership plan, or a Keogh (HR-10) plan with respect to partners; and

\*see below in NOTE

- h. all payments for the month that you receive for loss of income under no-fault auto laws. Supplemental disability benefits purchased under a no-fault auto law will not be counted; and
- i. all renewal commissions for the month that you receive from the Policyholder.

**NOTE:**

If any sick pay, salary continuance payments, personal time off, severance pay, or loss of time from work payments specified above are attributable to individual disability insurance policies, the payments will not be considered an Other Income Source.

\*Any retirement payments you receive under the Federal Social Security Act or a pension plan which you had been receiving in addition to your Weekly Earnings prior to a claim for Disability, will not be considered an Other Income Source.

Military or Veterans Administration disability or retirement payments will not be considered an Other Income Source.

After the initial deduction for each of the Other Income Sources, benefits will not be further reduced due to any cost of living increases payable under the above stated sources.

Withdrawal of pension plan benefits by you for the purpose of placing the benefits in a subsequent pension plan or a deferred compensation plan will not be considered an Other Income Source unless you withdraw pension benefits from the subsequent pension plan or defined compensation plan due to disability or retirement.

If any income specified above is payable in a monthly payment, the weekly equivalent will be calculated by multiplying the monthly benefit by 12 and dividing by 52.

**Own Occupation**

The occupation you are routinely performing for the Policyholder when your Disability begins.

**Physician**

- a. a licensed Doctor of Medicine (M.D.) or Osteopathy (D.O.); or
- b. any other licensed health care practitioner that state law requires be recognized as a Physician under the Group Policy.

The term Physician does not include you, one of your employees, your business or professional partner or associate, any person who has a financial affiliation or business interest with you, anyone related to you by blood or marriage, or anyone living in your household.

**Policyholder**

CITY OF CONCORD, A DIVISION OF PRIMEX.

**Predisability Earnings**

Your Weekly Earnings in effect prior to the date Disability begins.

**Primary Benefit**

66 2/3 % of your Predisability Earnings. The Primary Benefit will not exceed the Maximum Weekly Benefit of \$1,200.

**Proof of Good Health**

Written evidence that a person is insurable under Our underwriting standards. This proof must be provided in a form satisfactory to Us.

**Regular and Appropriate Care**

You will be considered to be receiving Regular and Appropriate Care if you:

- a. are evaluated in person by a Physician; and
- b. receive treatment appropriate for the condition causing the Disability; and
- c. undergo evaluations and treatment that is provided by a Physician whose specialty is appropriate for the condition causing the Disability; and
- d. undergo evaluations and treatment at a frequency intended to return you to full time work; and
- e. pursue reasonable treatment options or recommendations to achieve maximum medical improvement.

We may require you to have your Physician provide a Written evaluation and treatment plan for the condition causing the Disability, which meets Generally Accepted medical standards and is satisfactory to Us.

We may waive, in Writing to you, the Regular and Appropriate Care requirement if it is determined by Us that continued care would be of no benefit to you.

**Signed or Signature**

Any symbol or method executed or adopted by a person with the present intention to authenticate a record, and which is on or transmitted by paper or electronic media, and which is consistent with applicable law and is agreed to by Us.

**Social Security Normal Retirement Age (SSNRA)**

Social Security Normal Retirement Age as defined by the Social Security Administration on the date Disabled.

<u>Year of Birth</u>	<u>Normal Retirement Age</u>
Before 1938	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months

1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
After 1959	67

### **Substantial and Material Duties**

The essential tasks generally required by employers from those engaged in a particular occupation that cannot be modified or omitted.

### **Weekly Earnings**

For Members with no ownership interest in the business entity of the Policyholder:

On any date, your basic weekly (or weekly equivalent) wage then in force, as established by the Policyholder. Basic wage does not include commissions, bonuses, tips, differential pay, housing and/or car allowance, or overtime pay. Basic wage does include any deferred earnings under a qualified deferred compensation plan, such as contributions to Internal Revenue Code Section 401(k), 403(b), or 457 deferred compensation arrangements, and any amount of voluntary earnings reduction under a qualified Section 125 Cafeteria Plan.

For Members with ownership interest in the business entity of the Policyholder, such as an owner of a sole proprietorship, a partner in a partnership, a shareholder of a corporation or subchapter S-corporation, or a member of a limited liability company or limited liability partnership, Weekly Earnings on any date are based on an average of the following earnings as reported for Federal Income Tax purposes for the last two calendar year(s), assuming the owner meets all eligibility requirements:

- a. Your share (based on ownership or contractual agreement) of the gross revenue or income earned by the Policyholder, including income earned by you and others under your supervision or direction; less
- b. Your share (based on ownership or contractual agreement) of the usual and customary unreimbursed business expenses of the Policyholder which are incurred on a regular basis, are essential to the established business operation of the Policyholder, are deductible for Federal Income Tax purposes, and do not exceed the expenses before Disability began; plus
- c. The salary, benefits, and other forms of compensation which are payable to you, and any contributions to a pension or profit sharing plan made on your behalf by the Policyholder.

Weekly Earnings do not include any form of unearned income such as dividends, rent, interest, capital gains, income received from any form of deferred compensation, retirement, pension plan, income from royalties, or disability benefits.

### **We, Us, and Our**

Principal Life Insurance Company, Des Moines, Iowa.

### **Written or Writing**

A record which is on or transmitted by paper or electronic media, and which is consistent with applicable law.

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**Plan Arranged By**

**ALLIANT INSURANCE SERVICES INC**

1301 DOVE ST STE 200

NEWPORT BEACH CA

92660-2436



**Principal Life Insurance Company**  
Des Moines, Iowa 50392-0002